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LISTING STATEMENT NO. 2352.

LISTED MARCH 26, 1969.
815,000 Common Shares without par value,
of which 25,000 shares are subject to
issuance.
Stock Symbol "DGL".
Post Section 10.
Dial Quotation No. 1709.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

DOUGLAS LEASEHOLDS LIMITED

Incorporated under the Laws of the Province of Ontario
by Letters Patent dated September 16, 1955

COMMON SHARES WITHOUT PAR VALUE
(Transferable in Halifax, Toronto, Winnipeg, Calgary and Vancouver)

CAPITALIZATION AS AT FEBRUARY 21, 1969

<u>Share Capital</u>	<u>Authorized</u>	<u>Issued and Outstanding</u>	<u>To be Listed</u>
Redeemable non-voting 1st preference shares with a par value of \$1 each	150,000	150,000 (i)	nil
Common shares without par value	1,500,000	790,000	815,000 (ii)

- i. These shares plus dividends to the date of cancellation were purchased for cancellation on January 31, 1969.
ii. Of which 25,000 common shares are subject to issuance pursuant to an employee stock option.

<u>Funded Debt</u>	<u>Authorized</u>	<u>Issued and Outstanding as at June 30, 1968</u>	<u>To be Listed</u>
First mortgage bonds			
6¾% serial bonds due annually from January 1, 1969 to 1985	250,000	\$ 203,000	nil
7½% serial bonds due annually from June 1, 1969 to 1985	225,000	\$ 190,000	nil
6¾% serial bonds due annually from November 1, 1968 to 1985	500,000	\$ 416,000	nil
6½% sinking fund bonds due January 15, 1982	1,960,000	\$1,605,000	nil
6¼% sinking fund bonds due March 1, 1988	850,000	\$ 700,000	nil
6¼% sinking fund bonds due November 1, 1988	450,000	\$ 411,000	nil
First mortgages payable		<u>Outstanding as at June 30, 1968</u>	
10.9% due August 2, 1970—interest only payable to maturity		\$ 50,000	nil
5½% due April 1, 1971		\$ 25,714	nil
7% due October 1, 1977		\$ 16,076	nil
7% due November 30, 1977		\$ 22,098	nil
7% due January 1, 1978		\$ 22,884	nil
7% due November 1, 1978		\$ 29,434	nil
7¼% due March 10, 1986		\$ 43,182	nil

<u>Funded Debt</u>	<u>Authorized</u>	<u>Issued and Outstanding as at June 30, 1968</u>	<u>To be Listed</u>
7¼ % due February 20, 1986	\$ 414,443	nil
7¼ % due December 20, 1986	\$ 58,019	nil
7½ % due March 1, 1987	\$ 48,566	nil
Second mortgages payable due February 1, 1972	\$ 158,603	nil

Note: Particulars of long-term debt are shown under the heading Notes to Consolidated Financial Statements on page 16 of the Prospectus referred to in paragraph 2 hereof.

1. APPLICATION

DOUGLAS LEASEHOLDS LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 815,000 common shares without par value in the capital of the Company, of which 790,000 common shares have been issued and are outstanding as fully paid and non-assessable. The remaining 25,000 common shares have been reserved for an employee stock option and are subject to issuance pursuant thereto.

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the prospectus (hereinafter called the "Prospectus") issued by the Company under date of January 30, 1969, with respect to the issue and sale of 390,000 common shares of the Company, a copy of which prospectus is attached hereto and is hereby incorporated in this application and made a part thereof.

3. SHARE ISSUES DURING PAST TEN YEARS

(a) Common shares without par value

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Amount Realized Per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
Sept. 18, 1955	4	\$1.00	\$ 4	Incorporators shares
Sept. 12, 1956	96	\$1.00	\$ 96	Subscription

(b) 6% redeemable non-voting 1st preference shares

Feb. 20, 1957	150,000	\$1.00	\$150,000	Subscription
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(c) Non-voting 2nd preference shares without par value

Sept. 12, 1956	50	\$1.00	\$ 50	Subscription
Feb. 28, 1957	150	\$1.00	\$ 150	Subscription

(d) 10% non-voting cumulative redeemable 3rd preference shares with a par value of \$100 each

Feb. 26, 1960	1,510	\$100	\$151,000	Subscription All shares purchased for cancellation Dec. 20, 1960.
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(e) Non-voting non-cumulative redeemable 4th preference shares with a par value of \$100 each

Nov. 21, 1961	100	\$100	\$ 10,000	Subscription
Dec. 1, 1961	150	\$100	\$ 15,000	Subscription
Dec. 15, 1961	50	\$100	\$ 5,000	Subscription
Dec. 21, 1961	1,200	\$100	\$ 12,000	Subscription
May 15, 1962	2,900	\$100	\$290,000	Subscription
July 21, 1962	22	\$100	\$ 2,200	Subscription
Dec. 1, 1962	400	\$100	\$ 40,000	Subscription
Jan. 2, 1963	33	\$100	\$ 3,300	Subscription
2,600 4th Preference shares were purchased for cancellation on Nov. 2, 1966. 150 4th Preference shares were purchased for cancellation Nov. 8, 1964. 2,110 4th Preference shares were purchased for cancellation on Nov. 29, 1968.				

Note: By Supplementary Letters Patent dated December 5, 1968 the Company:

(i) reclassified and changed the 65,000 authorized and unissued 1st preference shares into 65,000 common shares without par value;

(ii) reclassified the 9,800 authorized and unissued 2nd preference shares into 9,800 common shares without par value and reclassified the 200 issued 2nd preference shares into common shares without par value and subdivided such 200 issued shares into 400,000 common shares without par value;

(iii) reclassified and changed the 990 authorized and unissued 3rd preference shares into 990 common shares without par value;

(iv) reclassified and changed the 140 authorized and unissued 4th preference shares into 140 common shares without par value;

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. These securities are offered by this prospectus only in jurisdictions where these securities may be lawfully offered.

Outstanding and Additional Issue

DOUGLAS LEASEHOLDS LIMITED

(Incorporated under the laws of Ontario)

390,000 Common Shares

(without par value)

Of the 390,000 Common Shares offered hereby 200,000 are outstanding shares being purchased from existing shareholders of the Company named on page 8 hereof under the heading "Principal Holders of Securities" and no part of the purchase price for such 200,000 Common Shares will be received by the Company.

	Price to Public	Underwriting Discount	Proceeds to Company*	Proceeds to selling security holders*
Per Share	\$6.00	\$0.39	\$5.61	\$5.61
Total	\$2,340,000	\$152,100	\$1,065,900	\$1,122,000
*Before deducting expenses estimated not to exceed \$40,000 which are payable as to approximately \$10,000 by the selling security holders and as to approximately \$30,000 by the Company.				

There is at present no market for the Common Shares offered by this prospectus and the price was determined by negotiation between the Underwriter, the Company and the selling security holders.

An application has been made to list these shares on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution both within 90 days.

PRICE: \$6.00 per share

We, as principals, offer these Common Shares subject to prior sale, if, as and when received and accepted by us and subject to approval of all legal matters. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that interim share certificates will be available for delivery on or about February 13, 1969.

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THE COMPANY

Douglas Leaseholds Limited (hereinafter referred to as the "Company") was incorporated by letters patent under the laws of the Province of Ontario on September 16, 1955. The head and principal office of the Company is located at 1000 Lawrence Avenue West, Toronto 19, Ontario. Supplementary letters patent have been issued to the Company respectively dated September 10, 1956, February 18, 1957, December 18, 1959, June 26, 1961, December 4, 1962 and December 5, 1968. The supplementary letters patent dated December 5, 1968, among other things, redesignated the issued second preference shares as Common Shares without par value, subdivided the issued Common Shares, after the redesignation aforesaid, on a 2,000 for 1 basis and increased the authorized Common Shares to 1,500,000 shares of which 790,000 shares will be outstanding on the completion of the present issue.

The Company and its wholly owned subsidiary Douglas Leaseholds (Quebec) Limited (hereinafter sometimes referred to as "Douglas Quebec") are engaged in the business of owning and leasing service stations, automotive centres and commercial developments. In addition the Company owns approximately 13.75% of the outstanding shares of Auto Electric Service Company, Limited (hereinafter referred to as "Auto Electric"). Auto Electric conducts a nation-wide business as a wholesale distributor of automotive parts and accessories; automotive, air cooled and stationary engines, parts and service; household appliances; and as a retailer of automotive parts and service.

History

The business was founded by Mr. Alexander H. Douglas in 1955 to build service stations and lease them to major oil companies on a long term basis. Subsequently the Company expanded its activities to include the development of a number of drive-in restaurants, commercial buildings and industrial buildings. Since incorporation the Company has been involved in the development of over 175 such projects, the majority of which have been retained as investments in the portfolio of the Company. In addition the Company has acted as consultant and market analyst for a number of major oil companies in the location of their marketing facilities.

During the last four years the Company has acquired a total of 83,000 shares of Auto Electric representing approximately 13.75% of the outstanding shares of that company. Mr. Douglas has, since January 18, 1967, been Chairman of the Board of Directors and Chief Executive Officer of Auto Electric pursuant to an agreement dated January 1, 1967 which provides that the Company shall furnish Auto Electric with management which is acceptable to its Board of Directors. In return for such management Auto Electric pays the Company \$30,000 per annum and all expenses incurred by Mr. Douglas in the conduct of business directly related to Auto Electric. The agreement further stipulates that certain additional amounts shall be payable to the Company based on the consolidated net profit of Auto Electric in each fiscal year. The terms of this agreement are more fully described in item 9 under the heading "Material Contracts" on page 10 of this prospectus.

Operations

The Company and Douglas Quebec had 108 properties at June 30, 1968 which are more fully described under the sub-headings below consisting of service stations, bulk terminals, automotive sales and service centres, drive-in restaurants, a truck terminal, a car wash and undeveloped land. In connection with its developments, the Company has trained personnel who offer to oil companies complete market studies and site analyses for marketing facility locations together with plot and construction plans.

DEVELOPED PROPERTIES OWNED

At June 30, 1968 the Company and Douglas Quebec owned 57 service stations and automotive service centres in Southern Ontario and four in the Province of Quebec, all of which are leased to major oil companies on a net-net basis which leases require the tenants to pay directly all property taxes, insurance and maintenance in addition to the rents payable to the Company and Douglas Quebec. The leases expire from 1978 to 1989 with an average remaining lease term of approximately 16 years. These leases provide for annual payments to the Company and Douglas Quebec aggregating approximately \$545,000.

The Company owns and has entered into long term net-net land leases on two properties located in Pickering and Ottawa, Ontario on which the tenants have constructed a drive-in restaurant and car wash respectively. The rentals from these properties are currently \$3,120 annually.

DEVELOPED PROPERTIES LEASED WITH INCOME AND OPTION TO PURCHASE

Fifteen additional service stations and one drive-in restaurant owned by the Company and located in Ontario were leased by the Company to major oil companies and to a dairy respectively and then sold in 1957 and leased back to the Company with an option to the Company to repurchase in 1977. The lease terms to the Company approximately coincide with the terms of the leases to the oil companies and dairy. These leases presently provide

approximately \$7,460 in net rental revenue annually. The option to purchase, if exercised, must be exercised as to all these properties and provides for a cash payment in 1977 of \$512,000 plus a percentage based on the cost of living index using a 1957 base. These properties originally cost \$489,939 and it is estimated that if these properties had been purchased under these options on June 30, 1968 the total price would have been \$650,000. Any moneys paid on expropriation of all or a portion of the said properties are deposited in trust for the owner and for the Company pending exercise of the option, to be applied against the purchase price if the option is exercised.

DEVELOPED PROPERTIES LEASED WITH NO CURRENT INCOME BUT WITH OPTION TO PURCHASE

The Company leased a further 12 service stations located in Ontario to major oil companies. Subsequently the Company sold these service stations to different purchasers and leased them back, the terms of such leases being almost identical with the terms of the leases to the oil companies. The amount of rent the Company pays under such leases is the same as the rent payable to the Company by the oil companies.

Four of these leases to the Company are for twenty-five-year terms and one lease is for a twenty-year term, all such leases having options to purchase exercisable by the Company at the end of such terms. The remaining seven leases to the Company are for twenty-year terms with four options to renew for additional five-year terms. The rent payable by the Company is substantially reduced for such renewal periods. These seven leases contain options to purchase at the end of the twentieth year and also at the end of the first renewal period at a reduced price. These properties originally cost \$590,250 and the aggregate cost of exercising the options to purchase the 12 service stations at the end of the respective lease terms would be \$461,804.

DEVELOPED PROPERTY LEASED WITH INCOME BUT WITH NO OPTION TO PURCHASE

In early 1967 the Company constructed a truck distribution terminal on lands owned by it in the Town of Mississauga. The terminal, situated on 8 acres of land, consists of a two-storey air-conditioned office building and 35 truck bays. The lands and terminal were subsequently sold and leased back by the Company for a twenty-year term expiring August 31, 1987. The Company leases the terminal and its facilities to a trucking company which in turn sub-lets space to trucking companies for distribution and pick-up of local cartage in the Metropolitan Toronto area. In the rental year ended August 31, 1969 the net rental revenue to the Company from this property will be \$5,799 which increases in each year thereafter reaching \$29,250 in the rental year ending August 31, 1978 and thereafter remaining constant for the balance of the term.

UNDEVELOPED PROPERTIES HELD FOR SALE

The Company at June 30, 1968 owned 11 vacant commercial properties for future sale. At that date one of the properties had been sold subject to rezoning and two portions of another property had been sold on the same basis. Two other properties had been sold, the sales to be closed subsequent to the said date.

UNDEVELOPED PROPERTIES HELD FOR DEVELOPMENT AS INVESTMENTS

The Company also owned at June 30, 1968 five properties for the purpose of development as investments.

Appraisal

The following is a summary of the appraised values of the properties owned by the Company and of its interest in the properties leased by the Company as at June 30, 1968 as determined by Canada Permanent Trust Company.

	Appraised Values		
	Owned	Leased	Total
Developed properties owned land— \$3,816,067*			
buildings—2,551,204	\$6,367,271		\$6,367,271
Developed properties leased with income and option to purchase		\$ 46,602	46,602
Developed properties leased with no current income			
but with option to purchase		204,160	204,160
Developed property leased with income but with no option to			
purchase		179,280	179,280
Undeveloped properties held for sale	244,500		244,500
Undeveloped properties held for development as investments . . .	210,500*		210,500
Total	\$6,822,271	\$430,042	\$7,252,313

*See Note 3 to financial statements on page 16.

Auto Electric Service Company, Limited

The Company owns 83,000 shares or approximately 13.75% of the outstanding shares of Auto Electric. Auto Electric commenced operations as an automotive service distributor in Toronto in 1918. Today it is a nation-wide wholesale distributor of a wide range of products and is engaged in the retail sale of automotive

parts, accessories and service in the Provinces of British Columbia, Manitoba and Ontario. Auto Electric operates through 37 branch warehouses all of which contain wholesale service facilities and 14 of which are equipped to handle retail automotive service. Auto Electric currently has approximately 900 employees.

The products sold and serviced by Auto Electric include automotive parts and accessories; automotive and marine engines, parts and accessories; air cooled and water cooled stationary engines, parts and accessories; automotive paints and supplies; garage equipment and supplies; electrical household appliances; and industrial refrigeration equipment.

Recent developments within Auto Electric reflect a major expansion program planned to foster growth in sales and earnings. Auto Electric has recently completed the acquisition of four companies which are described in greater detail below. Additional arrangements have been negotiated with well-known manufacturers for the distribution and servicing of their brand line products. In addition Auto Electric is carrying on a continuing program of construction of service and distribution facilities both at the wholesale and retail levels.

Since late 1967 Auto Electric has acquired all the shares of Garage Supply Company Limited of Toronto, Keyes Supply Company Limited of Ottawa and Whitaker and Revercomb Limited of Victoria, British Columbia. In addition the Company acquired the majority of the assets of North End Auto Supply (Toronto) Limited and the right to use the name "North End Auto Supply". These acquisitions have added substantially to the \$5.6 million increase in sales for the six months ended June 30, 1968 and have resulted in an expanded range of product lines including automotive paints and supplies, garage equipment, stereo equipment, industrial refrigeration equipment and household appliances. The addition of Garage Supply Company Limited and North End Auto Supply (Toronto) Limited serve to improve Auto Electric's distribution in the Metropolitan Toronto and surrounding area markets. The purchase of Keyes Supply Company Limited extended Auto Electric's market penetration into Northern and Eastern Ontario while the acquisition of Whitaker and Revercomb Limited added seven branch warehouses serving the automotive aftermarket and the industrial, construction and logging industries on Vancouver Island.

Auto Electric intends to continue its active program of expansion through acquisitions and, at the present time, is considering further acquisitions which, if proceeded with, may result in a reduction of the Company's proportionate holdings of Auto Electric shares.

The following is a statement of consolidated profit and loss of Auto Electric for the five years ended December 31, 1967 and the two six-month periods ended June 30, 1967 and June 30, 1968 respectively:

	Sales	Profit before depreciation, interest on long term debt and taxes on income	Depreciation	Interest on long term debt	Taxes on income	Net profit
Six months ended June 30 (1)						
1968	\$11,234,135	\$533,385	\$55,788	Nil (3)	\$223,050	\$254,547
1967	5,649,513	283,505	52,798	Nil (3)	106,168	119,539
Years ended December 31 (2)						
1967	11,984,176	523,025	81,147	\$8,246	185,900	247,732
1966	10,950,141	456,925	76,366	3,448	208,818	168,293
1965	10,713,236	390,161	79,397	6,174	143,796	160,794
1964	(4)	325,737	66,580	7,989	111,501	139,667
1963	(4)	385,023	68,093	9,747	157,333	149,850

(1) From Auto Electric's unaudited interim statements dated June 30, 1968 and June 30, 1967.

(2) From Auto Electric's annual reports for the years ended December 31, 1963 to December 31, 1967.

(3) Not reported on unaudited interim statements.

(4) Auto Electric did not report sales in 1963 and 1964.

The following is a summary showing the market price range in dollars per share of Auto Electric on The Toronto Stock Exchange for the periods indicated:

Year	High	Low
1967	\$10½	\$ 4.80
1968—1st Quarter	11⅞	8⅞
2nd Quarter	15¾	10¾
3rd Quarter	19¼	13½
Oct. 1-Nov. 15	23	20

CAPITALIZATION

	Amount authorized	Amount outstanding as at September 30, 1968	Amount outstanding as at November 30, 1968	Amount to be outstanding if all securities being issued are sold
Bank loans (secured) (1)	—	\$ 319,736	\$ 447,092	Nil
First mortgages payable (2)	—	726,790	875,457	\$ 875,457
Second mortgages payable (2)	—	148,926	142,368	142,368
Loan payable (3)	—	35,459	33,897	Nil
First mortgage bonds (2)	—	3,525,000	3,495,000	3,495,000
Redeemable non-voting 1st preference shares with a par value of \$1 each. ...	215,000 shs (4) (\$215,000)	150,000 shs (\$150,000)	150,000 shs (\$150,000)	Nil
Non-voting 2nd preference shares without par value (5)	10,000 shs	200 shs (\$200)	200 shs (\$200)	Nil
10% non-voting cumulative redeemable 3rd preference shares with a par value of \$100 each (6)	990 shs (\$99,000)	Nil	Nil	Nil
Non-voting non-cumulative redeemable 4th preference shares with a par value of \$100 each	2,250 shs (7) (\$225,000)	2,110 shs (\$211,000)	Nil	Nil
Common Shares without par value (8)...	110,000 shs	100 shs (\$100)	100 shs (\$100)	790,000 shs (9) (\$1,066,200)

1. Secured at November 30, 1968 by the pledge of 67,620 shares of Auto Electric owned by the Company.
2. Reference is made to note 6 to the financial statements appearing on page 17 hereof.
3. Secured by an agreement to give a mortgage of the leasehold interest of the Company in 16 service stations.
4. Before the reclassification and change of the 65,000 authorized and unissued 1st preference shares into 65,000 Common Shares without par value by supplementary letters patent dated December 5, 1968.
5. Before the reclassification of the 9,800 authorized and unissued 2nd preference shares into 9,800 Common Shares without par value and the reclassification of the 200 issued 2nd preference shares into Common Shares without par value and the subdivision of such 200 issued shares into 400,000 common shares without par value by supplementary letters patent dated December 5, 1968.
6. Before the reclassification and change of the 990 authorized and unissued 3rd preference shares into 990 Common Shares without par value by supplementary letters patent dated December 5, 1968.
7. Before the reclassification and change of the 140 authorized and unissued 4th preference shares into 140 Common Shares without par value by supplementary letters patent dated December 5, 1968.
8. Before the subdivision of the 100 issued Common Shares into 200,000 Common Shares without par value and before increasing the authorized capital of the Company by creating an additional 714,170 Common Shares without par value ranking on a parity with the existing 785,830 Common Shares, by supplementary letters patent dated December 5, 1968.
9. After issuing 190,000 Common Shares in accordance with the agreement dated January 30, 1969 (see "Plan of Distribution" on page 6 of this prospectus).
10. In addition the Company has entered into certain long term lease commitments (see note 8 on page 17).

PLAN OF DISTRIBUTION

By an agreement dated January 30, 1969 between the Company, Mr. Alexander H. Douglas, the A. H. Douglas Family Trust, Leaver Investments Limited, Dickson Equipment Limited and Burns Bros. and Denton Limited the Company agreed to sell 190,000 Common Shares of the Company at \$5.61 per share, and the A. H. Douglas Family Trust, Leaver Investments Limited and Dickson Equipment Limited agreed to sell 80,000 Common Shares, 74,286 Common Shares and 45,714 Common Shares respectively, of the Company at \$5.61 per share, being a total of 390,000 Common Shares and Burns Bros. and Denton Limited agreed to purchase the said 390,000 Common Shares against delivery of interim certificates representing the said shares on or about February 13, 1969, and by such agreement, Burns Bros. and Denton Limited agreed to offer such Common Shares to the public at \$6.00 per share, subject to the terms and conditions set out in the said agreement.

USE OF PROCEEDS

The net proceeds from the sale of the 190,000 Common Shares purchased by Burns Bros. and Denton Limited from the Company and offered by this prospectus, amounting to \$1,065,900 before deducting \$30,000, being the Company's estimated share of expenses of the issue, will be used by the Company as to approximately \$150,000 to retire bank indebtedness incurred by the Company in connection with the purchase for cancellation at par of all the outstanding first preference shares of the Company, as to approximately \$650,000 to retire other bank loans of the Company (reference is made to the material appearing under the heading "Dividend Record" below) as to \$33,897 to retire other loans payable and the balance of the said net proceeds to the Company will be used to augment working capital.

The additional 200,000 Common Shares of the Company offered hereby are being purchased from shareholders of the Company and consequently no part of the proceeds from the sale of such shares will accrue to the Company.

DESCRIPTION OF SHARES

Preference Shares

The Company has one class of preference shares outstanding, namely, redeemable non-voting first preference shares with a par value of \$1 each, all of which are to be redeemed by the Company on January 31, 1969. During the month of November, 1968 the Company redeemed all its outstanding fourth preference shares.

Common Shares

The holders of the Common Shares, which are the class of shares offered hereby, are entitled to one vote at all meetings of shareholders of the Company for each share held, are entitled to such dividends as the directors may from time to time declare, and to share equally, share for share, on liquidation or distribution of the assets of the Company. No pre-emptive rights are attached to the Common Shares. The Common Shares offered hereby will be fully paid and non-assessable. There are no provisions for modification, amendment or variation of the rights of the common shareholders.

Dividend Policy

In the current fiscal year the Company has paid dividends on its Common Shares and on its second preference shares in the amount (after adjusting for the 2,000 for 1 subdivision of such shares) of three and one-half cents per share and has paid dividends on its first preference shares in the amount of four cents per share. It is anticipated that in the foreseeable future earnings will be reinvested by the Company and consequently dividends will not be paid on the Common Shares.

Dividend Record

The Company has paid the following dividends during the last five completed financial years:

<u>Year ended June 30</u>	<u>1st Preference per share</u>	<u>2nd Preference per share</u>	<u>4th Preference per share</u>	<u>Common per share</u>
1964	6¢	4.83¢	\$1.00	4.83¢
1965	6¢	6¢	Nil	6¢
1966	6¢	6¢	Nil	6¢
1967	6¢	6¢	Nil	6¢
1968	6¢	6¢	Nil	6¢

The dividends paid on the Common Shares and on the second preference shares have been adjusted to give effect to a 2,000 for 1 subdivision of both classes of shares by supplementary letters patent on December 5, 1968. No second preference shares are presently authorized or outstanding, all such shares having been reclassified as Common Shares by the said supplementary letters patent dated December 5, 1968.

During the five years ended June 30, 1968 the Company had no third preference shares outstanding.

No dividends have been paid on the fourth preference shares during the last four years, the holder of the outstanding fourth preference shares, A. H. Douglas Investments Corporation Limited, having waived its rights to such dividends. All the fourth preference shares have now been redeemed.

It should be noted that the above dividends were paid notwithstanding the fact that the Company was in a deficit position.

MANAGEMENT OF THE COMPANY

Directors and Officers

The names, principal occupations and home addresses of the directors and officers of the Company are as stated below:

ALEXANDER HARGRAVE DOUGLAS, 54 Edenbrook Hill, Toronto, Ontario, President and a director. Mr. Douglas has been President of the Company for the past five years and has been Chairman of the Board and Chief Executive Officer of Auto Electric Service Company, Limited since January, 1967.

THOMAS MALCOLM BRADFIELD, 45 Charleston Road, Toronto, Ontario, Vice-President, General Manager and a director. Mr. Bradfield has been a registered representative with investment dealers for the past five years.

GEORGE FRANCIS LEAVER, 7 Kingsway Crescent, Toronto, Ontario, Vice-President and Treasurer and a director. Mr. Leaver has been President of Dixie Canning Company Limited for the past five years.

JOHN BRUCE McLELLAN, 9 Anewen Drive, Toronto, Ontario, Secretary and a director. Mr. McLellan is a lawyer and a partner in the firm of Messrs. Fraser & Beatty, the solicitors for the Company, and has been associated with that firm for the past five years.

JAMES JOSEPH PATRICK WALSH, 19 Gemini Crescent, Toronto, Ontario a director. Mr. Walsh is a lawyer and has been a partner in the firm of Messrs. Rosenberg, Walsh, Smith & Paton for the past five years.

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Company to its directors and senior officers, as such, during the last fiscal year of the Company ended June 30, 1968, was \$41,216 and for the period from July 1, 1968 to November 30, 1968 was \$14,451. No remuneration was paid by any of the subsidiaries of the Company to any director or senior officer of the Company. The Company has entered into an agreement dated November 29, 1968 with Mr. Alexander H. Douglas, the President of the Company, whereunder the Company has agreed to pay, on the death or retirement of Mr. Douglas or under certain other circumstances certain benefits which are approximately the same benefits the Company would receive on the death of Mr. Douglas under two policies of insurance the face values of which aggregate \$250,000 owned by the Company insuring the life of Mr. Douglas. Total premiums on the said two policies of insurance amount to approximately \$5,983 per year. Reference is made to items 29 and 30 under the heading "Material Contracts".

Principal Holders of Securities

The following table lists each shareholder who is known to own more than 10% of the outstanding Common Shares of the Company at the date hereof:

	Type of Ownership	Number of Shares Owned	Percentage of Class
Alexander Hargrave Douglas	Record and Beneficial	160,000	26.667
A. H. Douglas Family Trust	Record and Beneficial	200,000	33.333
Leaver Investments Limited	Record and Beneficial	148,572	24.762
Dickson Equipment Limited	Record and Beneficial	91,428	15.238

After the sale to Burns Bros. and Denton Limited of 80,000 Common Shares by the A. H. Douglas Family Trust, of 74,286 Common Shares by Leaver Investments Limited, and of 45,714 Common Shares by Dickson Equipment Limited and after giving effect to the sale of 190,000 Common Shares to Burns Bros. and Denton Limited from the treasury of the Company, the A. H. Douglas Family Trust will own, beneficially and of record, 120,000 Common Shares or approximately 15.19%, Leaver Investments Limited will own of record 74,286 Common Shares or approximately 9.40% and Dickson Equipment Limited will own of record and beneficially 45,714 Common Shares or approximately 5.79% of the outstanding Common Shares of the Company. Alexander Hargrave Douglas is not selling any shares and after giving effect to the sale to Burns Bros. and Denton Limited of 190,000 Common Shares from the treasury of the Company, Alexander Hargrave Douglas will own of record and beneficially approximately 20.25% of the outstanding Common Shares of the Company.

Mr. Alexander Hargrave Douglas and his wife, Mrs. Helen Douglas are trustees of the A. H. Douglas Family Trust which was created for the benefit of their children. Neither Mr. Douglas nor Mrs. Douglas has any beneficial interest in the said trust.

The directors and senior officers of the Company as a group at December 1, 1968 beneficially owned 160,000 Common Shares or approximately 26.66% of the class.

Alexander H. Douglas and the A. H. Douglas Family Trust have agreed with Leaver Investments Limited and Dickson Equipment Limited that they will vote their respective shares to maintain representation on the board of directors of the Company in proportion to their respective holdings of shares of the Company. This agreement terminates when the members of either group hold less than 3% of the equity shares of the Company.

Escrowed Shares

Mr. Alexander H. Douglas, A. H. Douglas Family Trust, Leaver Investments Limited and Dickson Equipment Limited, shareholders of the Company, have by agreement dated January 30, 1969 each agreed with Burns Bros. and Denton Limited that they will not, without the prior written consent of Burns Bros. and Denton Limited, sell, or otherwise dispose of any Common Shares held by them at the date of such agreement for a period of six months from the date the prospectus in final form relating to the Common Shares offered hereby is accepted for filing by the Ontario Securities Commission, or more than 5% of such Common Shares during the next period of six months, or more than 5% of such Common Shares during the next period of six months. Such agreement does not prohibit transfers between or among such shareholders or their heirs, executors or administrators or sales by any shareholder of all his Common Shares in a single transaction with the exception of Mr. Douglas, the A. H. Douglas Family Trust and any interests which Mr. Douglas controls who may only sell all their shares during the period of the said agreement pursuant to an offer made to all the holders of Common Shares of the Company. Reference is made to items 1 and 2 under the heading "Material Contracts".

In addition, an escrow agreement dated January 30, 1969 has been entered into by Alexander H. Douglas, the A. H. Douglas Family Trust, Leaver Investments Limited and Dickson Equipment Limited of the first part, the Company of the second part and Canada Permanent Trust Company of the third part, which agreement provides that 300,000 Common Shares of the Company will be placed in escrow with Canada Permanent Trust Company on or before the closing of the purchase by the underwriter pursuant to the underwriting agreement dated January 30, 1969 referred to above of the 390,000 Common Shares offered hereby. The escrow agreement provides in effect that the said 300,000 shares will not be released from escrow, transferred or hypothecated except with the prior written consent of the Ontario Securities Commission. The said 300,000 shares placed in escrow are shares beneficially owned as follows:

ALEXANDER HARGRAVE DOUGLAS	90,000
A. H. DOUGLAS FAMILY TRUST	120,000
LEAVER INVESTMENTS LIMITED	54,286
DICKSON EQUIPMENT LIMITED	35,714

Options

Mr. Thomas M. Bradfield, a director, Vice-President and the General Manager of the Company by agreement with the Company dated January 30, 1969 has an option to purchase 25,000 Common Shares of the Company at a price of \$6.00 per share. Such option is exercisable as to 5,000 Common Shares in each year commencing December 1, 1969 for a period of 5 years. By the terms of the said option Mr. Bradfield may exercise in any year his option with respect to any shares not purchased pursuant to the said option in any prior year or years.

Interest of Auditors

Mr. Gerald C. Smith, a partner in the firm of Messrs. Laventhol, Krekstein, Horwath & Horwath, which firm has reported on financial statements contained in this prospectus, was previously a lessee of certain properties of the Company, which leases he surrendered on December 2, 1968 pursuant to the agreements referred to in items 15 and 16 under the heading "Material Contracts".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The only directors and senior officers of the Company and the only shareholders named in the table appearing on page 8 hereof under the heading "Principal Holders of Securities" and the only associates or affiliates of any of the foregoing persons or companies, having any material interest, direct or indirect, in any transaction with the Company or its subsidiaries within the three years preceding the date hereof, or in any proposed transaction with such companies, are as follows:

A. H. Douglas Investments Corporation Limited ("Douglas Investments") was the owner of all the fourth preference shares issued by the Company, all of which have been redeemed including 2,600 fourth preference shares redeemed on November 2, 1966 and 2,110 fourth preference shares redeemed on November 29, 1968. With the exception of 60 fourth preference shares which were paid for by Douglas Investments with its own moneys all of the issued fourth preference shares were paid for from moneys which Douglas Investments received by way of deposit

from certain lessees of properties leased by the Company on a long term basis. All of these long term leases but one have been surrendered and all deposits but one have been repaid. Reference is made to items 10 to 27 inclusive under the heading "Material Contracts". Mr. A. H. Douglas, the President and a director of the Company was a substantial shareholder of Douglas Investments at the time of the redemption on November 2, 1966. The shares of Douglas Investments are now held by the shareholders of the Company in the same manner and proportions as the shares of the Company are held. The shareholders of the Company referred to under the heading "Principal Holders of Securities" thus had an interest in the redemption on November 29, 1968.

By agreements dated January 18, 1967 Alexander H. Douglas, the President and a director of the Company, Mr. Alvin B. Rosenberg and the Company undertook to purchase shares of Auto Electric from the Estate of George J. Beattie and from certain members of the McTavish family at a price of \$7 per share. The said agreements are described in items 3 to 6 inclusive under the heading "Material Contracts".

By agreement between Alexander H. Douglas, the President and a director of the Company, Mr. Alvin B. Rosenberg, the Company and Mr. Monty M. Simmonds it was agreed by Messrs. Douglas and Rosenberg and by the Company that of the shares of Auto Electric purchased from the Estate of George J. Beattie and from certain members of the McTavish family referred to above 12,000 shares would be purchased for the account of Mr. Simmonds or companies in which Mr. Simmonds had an interest and Mr. Simmonds agreed to pay or caused to be paid \$7 per share for each of the 12,000 shares.

By agreement dated January 18, 1967 between Alexander H. Douglas, the President and a director of the Company, Mr. Alvin B. Rosenberg and the Company, Messrs. Douglas and Rosenberg agreed that all purchases of shares of Auto Electric pursuant to the agreements with the Estate of George J. Beattie and certain members of the McTavish family referred to above would be by and for the benefit of the Company.

Mr. Thomas M. Bradfield, the General Manager and a director of the Company has been granted an option dated January 30, 1969 to purchase 25,000 Common Shares in the capital of the Company. Reference is made to the material appearing under the heading "Options" on page 9 of this prospectus.

Alexander H. Douglas, the President and a director of the Company was a lessee with Wards Leaseholds Limited and American International Leaseholds Limited of certain property of the Company which lease he agreed to surrender as set out in item 12 under the heading "Material Contracts". Mr. Douglas is the controlling shareholder of both Wards Leaseholds Limited and American International Leaseholds Limited.

MATERIAL CONTRACTS

During the two years prior to the date of this prospectus the Company entered into the following material contracts in addition to contracts in the ordinary course of business:

1. A letter of intent dated November 15, 1968 made between Alexander H. Douglas, George F. Leaver, the Company and Burns Bros. and Denton Limited relating to the offering made by this prospectus.
2. The underwriting agreement referred to under the heading "Plan of Distribution".
3. An agreement dated January 18, 1967 between the Company, Alexander H. Douglas and Alvin B. Rosenberg (the "Purchasers") and the Estate of the late George J. Beattie (the "Vendor") whereunder the Vendor sold and the Purchasers purchased 24,000 shares of Auto Electric at a price of \$7 per share.
4. An agreement dated January 18, 1967 between the Company, Alexander H. Douglas and Alvin B. Rosenberg (the "Purchasers") and C. E. McTavish (the "Vendor") whereby the Vendor sold and the Purchasers purchased 10,530 shares of Auto Electric at a price of \$7 per share.
5. An agreement dated January 18, 1967 between the Company, Alexander H. Douglas and Alvin B. Rosenberg (the "Purchasers") and Margaret McTavish (the "Vendor") whereby the Vendor sold and the Purchasers purchased 240 shares of Auto Electric at a price of \$7 per share.
6. An agreement dated January 18, 1967 between the Company, Alexander H. Douglas and Alvin B. Rosenberg (the "Purchasers") and Edith McTavish (the "Vendor") whereby the Vendor sold and the Purchasers purchased 600 shares of Auto Electric at a price of \$7 per share.

7. An agreement dated January 18, 1967 between the Company, Alexander H. Douglas and Alvin B. Rosenberg whereby the Company agreed to purchase all shares of Auto Electric which the parties had jointly agreed to purchase and to indemnify Alexander H. Douglas and Alvin B. Rosenberg against any payment, damages or costs involved in the purchase.
8. An oral agreement made in 1967 between the Company, Alexander H. Douglas and Alvin B. Rosenberg (the "Vendors") and Monty M. Simmonds (the "Purchaser") whereby the Vendors sold and the Purchaser purchased 12,000 shares of Auto Electric at a price of \$7 per share.
9. An agreement dated January 1, 1967 between the Company and Auto Electric which provides that the Company shall furnish Auto Electric with management services which are acceptable to the board of directors of Auto Electric. In return for the management provided Auto Electric pays the Company \$30,000 per annum plus any expenses incurred by the executive retained when conducting business directly related to Auto Electric. In addition to the annual fee Auto Electric pays the Company the following additional amounts annually: 3% of the amount by which the consolidated net profit, as defined, of Auto Electric exceeds \$300,000 but does not exceed \$400,000, plus 4% of the amount by which such consolidated net profit exceeds \$400,000 but does not exceed \$500,000, plus 5% of the amount by which such consolidated net profit exceeds \$500,000 but does not exceed \$600,000, plus 4% of the amount by which such consolidated net profit exceeds \$600,000. The said agreement expires on December 31, 1971.
10. An acknowledgment by William Roth, Assignee of two leases made by the Company, respectively dated December 1, 1958 and September 1, 1960, agreeing to surrender the leases, each of which contains an option to purchase by the tenant upon the return of certain deposits amounting to \$15,000 in the aggregate referred to in the said leases or, alternatively, to execute and surrender the said leases in return for second mortgages on the properties described in the said leases.
11. An agreement dated November 1, 1968 between the Company, as landlord, and MortalJoe Developments Limited and Moobohar Developments Limited, as tenants, whereunder the tenants agreed to execute, upon the return of a deposit of \$20,000, a surrender of a lease of certain property in the City of Waterloo, which lease contains an option to purchase the said property.
12. An agreement dated November 1, 1968 between the Company, as landlord, and Wards Leaseholds Limited, American International Leaseholds Limited and Alexander H. Douglas, as tenants, whereunder the tenants agreed to execute, upon the return of a deposit of \$5,000, a surrender of a lease of certain property in the Town of Orillia, which lease contains an option to purchase the said property.
13. An agreement dated November 1, 1968 between the Company, as landlord, and the Estate of Wolf Goldstein and Esther Goldstein, as tenants, whereunder the tenants agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Borough of Etobicoke, which lease contains an option to purchase the said property.
14. An agreement dated November 1, 1968 between the Company, as landlord, and G. Eric Roberts and Beryl M. Roberts, as tenants, whereunder the tenants agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the City of Kitchener, which lease contains an option to purchase the said property.
15. An agreement dated November 1, 1968 between the Company, as landlord, and Gerald C. Smith, as tenant, whereunder the tenant agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Town of Mississauga, which lease contains an option to purchase the said property.
16. An agreement dated November 1, 1968 between the Company, as landlord, and Gerald C. Smith, as tenant, whereunder the tenant agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Borough of Etobicoke, which lease contains an option to purchase the said property.
17. An agreement dated November 1, 1968 between the Company, as landlord, and Henry S. Rosenberg and Alvin B. Rosenberg, as tenants, whereunder the tenants agreed to execute, upon the return of a deposit of \$20,000, a surrender of a lease of certain property in the Town of Burlington, which lease contains an option to purchase the said property.

18. An agreement dated November 1, 1968 between the Company, as landlord, and Alvin B. Rosenberg, as tenant whereunder the tenant agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the City of Oshawa, which lease contains an option to purchase the said property.
19. An agreement dated November 1, 1968 between the Company, as landlord, and Henry S. Rosenberg, as tenant, whereunder the tenant agreed to execute, upon the return of a deposit of \$10,000 a surrender of a lease of certain property in the City of Waterloo, which lease contains an option to purchase the said property.
20. An agreement dated November 1, 1968 between the Company, as landlord, and Henry S. Rosenberg, as tenant, whereunder the tenant agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Town of Whitby, which lease contains an option to purchase the said property.
21. An agreement dated November 1, 1968 between the Company, as landlord, and Joseph Teperman and Shirley Teperman, as tenants, whereunder the tenants agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Town of Mississauga, which lease contains an option to purchase the said property.
22. An agreement dated November 1, 1968 between the Company, as landlord, and Robert S. Fish, as tenant, whereunder the tenant agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Township of Thorold, which lease contains an option to purchase the said property.
23. An agreement dated November 1, 1968 between the Company, as landlord, and Benjamin Fish, as tenant, whereunder the tenant agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Borough of North York, which lease contains an option to purchase the said property.
24. An agreement dated November 1, 1968 between the Company, as landlord, and Henry B. Sussman, as tenant, whereunder the tenant agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Town of Mississauga, which lease contains an option to purchase the said property.
25. An agreement dated November 1, 1968 between the Company, as landlord, and Alvin B. Rosenberg, as tenant, whereunder the tenant agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Village of Streetsville, which lease contains an option to purchase the said property.
26. An agreement dated November 1, 1968 between the Company, as landlord, and Saul D. Paton, Jerome S. Cooper and Gerald Kroll, as tenants, whereunder the tenants agreed to execute, upon the return of a deposit of \$10,000, a surrender of a lease of certain property in the Borough of North York, which lease contains an option to purchase the said property.
27. An agreement dated November 1, 1968 between the Company, as landlord, and Frank Wolman, as tenant, whereunder the tenant agreed to execute, upon the return of a deposit of \$5,000, a surrender of a lease of certain property in the Town of Picton, which lease contains an option to purchase the said property.
28. The option agreement dated January 30, 1969 between the Company and Thomas M. Bradfield referred to under the heading "Options".
29. An agreement dated November 29, 1968 between the Company and Mrs. Alexander H. Douglas, the wife of the President of the Company, whereunder Mrs. Douglas sold to the Company a policy of insurance in the face amount of \$150,000 on the life of Mr. Douglas at the cash surrender value thereof.
30. An agreement dated November 29, 1968 between the Company and Mr. Alexander H. Douglas whereunder Mr. Douglas is to receive, in consideration of past and future services, on death or retirement or in certain other circumstances benefits which are approximately the benefits which the Company would receive under two life insurance policies on the life of Mr. Douglas (one of which is referred to in item 29 above) on the death of Mr. Douglas.
31. An agreement dated as of January 24, 1969 between the Company and Canada Permanent Trust Company whereunder Canada Permanent Trust Company became the transfer agent and registrar for the Common Shares of the Company.
32. An agreement dated January 30, 1969 between the Company, Alexander H. Douglas, A. H. Douglas Family Trust, Dickson Equipment Limited, Leaver Investments Limited, Burns Bros. and Denton Limited and Canada

Permanent Trust Company providing certain rights of first refusal to Burns Bros. and Denton Limited in the event of certain sales of common shares of the Company by the present shareholders and prohibiting, under certain circumstances, sales of common shares of the Company by the present shareholders for a period of 18 months from the date of the filing of this prospectus in final form as referred to under the heading "Escrowed Shares" on page 9 of this prospectus.

33. The escrow agreement also referred to under the heading "Escrowed Shares" on page 9 of this prospectus.

Copies of the foregoing contracts (except the contract referred to in item 8 which was an oral agreement) and a copy of the appraisal as at June 30, 1968, made by Canada Permanent Trust Company referred to on page 4 hereof may be inspected at the head office of the Company, 1000 Lawrence Avenue West, Toronto 19, Ontario, during ordinary business hours during the course of primary distribution of the securities offered hereby.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Messrs. Laventhol, Krekstein, Horwath & Horwath, Chartered Accountants, 160 Bloor Street East, Toronto. Messrs. Clarkson, Gordon & Co., Chartered Accountants, 15 Wellington Street West, Toronto were appointed special auditors for the purpose of reporting together with the Company's auditors on the financial statements for the year ended June 30, 1968 contained in this prospectus.

The transfer agent and registrar for the Common Shares of the Company is Canada Permanent Trust Company at its transfer offices in the cities of Halifax, Toronto, Winnipeg, Calgary and Vancouver.

LEGAL OPINIONS

The offering of the Common Shares by this prospectus is subject to the approval of all legal matters on behalf of the Company and on behalf of the selling security holders by Messrs. Fraser & Beatty, Toronto, and on behalf of Burns Bros. and Denton Limited by Messrs. Zimmerman, Winters, Worley, Grant, Hugo, Paddon & Bennett, Toronto.

INTEREST OF APPRAISER

Canada Permanent Trust Company which did the appraisal for the Company referred to on page 4 hereof is the Transfer Agent and Registrar for the Common Shares of the Company, is the Trustee for the Bondholders of three issues of First Mortgage Bonds of the Company and is the beneficial owner of \$396,000 aggregate principal amount of 6¼ % Sinking Fund First Mortgage Bonds maturing November 1, 1988 and of \$162,000 aggregate principal amount of 6¾ % Serial First Mortgage Bonds due annually from November 1, 1968 to November 1, 1985 of the Company.

DOUGLAS LEASEHOLDS LIMITED

(Incorporated under the laws of Ontario)

and its subsidiary

Consolidated Balance Sheets

	Balance sheet at June 30, 1968	Balance sheet at September 30, 1968 (unaudited)	Pro forma balance sheet at September 30, 1968 (unaudited) (Note 1)
Current:			
Assets			
Cash.....			\$ 172,373
Accounts and loans receivable.....	\$ 15,329	\$ 14,805	14,805
Total Current Assets.....	15,329	14,805	187,178
Land held for resale, at cost.....	105,350	92,319	92,319
Investment properties (note 3):			
Land and buildings.....	6,886,814	6,886,814	6,886,814
Less accumulated depreciation.....	604,108	629,108	629,108
	6,282,706	6,257,706	6,257,706
Investment in Shares of Auto Electric Service Company, Limited at cost (note 4).....	362,472	362,472	509,804
Deferred:			
Unamortized mortgage financing costs.....	105,534	103,895	103,895
Unamortized leasing commissions.....	129,195	126,870	126,870
Prepaid rent.....	8,635	18,401	18,401
	243,364	249,166	249,166
Other assets.....	17,671	16,438	16,438
	<u>\$7,026,892</u>	<u>\$6,992,906</u>	<u>\$7,312,611</u>
Current:			
Liabilities and Shareholders' Equity			
Bank indebtedness (note 4).....	\$ 332,980	\$ 319,736	
Accounts payable and accrued charges (note 4).....	155,782	129,402	\$ 129,402
Income taxes.....	27,590	35,140	35,140
Total current liabilities.....	516,352	484,278	164,542
Deferred profit on sale of real estate.....	25,258	25,258	25,258
Deferred income taxes (note 5).....	67,300	67,300	67,300
Long-term debt (note 6).....	4,555,532	4,538,050	4,502,591
Shareholders' equity:			
Capital (note 7).....	361,300	361,300	1,066,200
Excess of appraised value of land included in investment properties over cost (note 3).....	1,687,859	1,687,859	1,687,859
Deficit.....	(186,709)	(171,139)	(201,139)
Total shareholders' equity.....	1,862,450	1,878,020	2,552,920
	<u>\$7,026,892</u>	<u>\$6,992,906</u>	<u>\$7,312,611</u>

Approved on behalf of the Board:

(Signed) A. H. DOUGLAS, Director

(Signed) GEO. F. LEAVER, Director

(See accompanying notes)

DOUGLAS LEASEHOLDS LIMITED
and its subsidiary

Statement of Consolidated Income

For the Five Years Ended June 30, 1968 and the Three Months Ended September 30, 1968 and September 30, 1967

	Three months ended September 30,		Years ended June 30,				
	1968 (unaudited)	1967 (unaudited)	1968	1967	1966	1965	1964
Revenue:							
Rentals	\$169,365	\$170,296	\$686,670	\$642,113	\$603,027	\$557,623	\$507,592
Less rent paid on leased service stations	36,122	26,214	127,492	104,744	104,858	108,578	110,962
Net rental revenue	133,243	144,082	559,178	537,369	498,169	449,045	396,630
Expenses:							
Interest on long-term debt	76,004	81,080	321,173	327,370	292,581	281,906	262,937
Depreciation	25,000	27,726	104,640	109,677	104,532	92,137	82,160
Other operating expenses	23,640	29,071	104,167	113,414	103,538	72,711	66,737
Less—							
Dividends received	4,632	4,713	18,617	14,650	6,164		
Management fees received	7,500	7,500	37,438	10,000			
	11,508	16,858	48,112	88,764	97,374	72,711	66,737
Total expenses	112,512	125,664	473,925	525,811	494,487	446,754	411,834
Income (loss) from operations	20,731	18,418	85,253	11,558	3,682	2,291	(15,204)
Profit on sale of real estate	14,089		62,712	37,234	42,880	36,887	93,244
Income before income taxes and extraordinary items	34,820	18,418	147,965	48,792	46,562	39,178	78,040
Income taxes—current	8,000		30,000			7,500	32,700
—deferred (note 5)		4,200	38,800	12,800	15,000	4,700	
	8,000	4,200	68,800	12,800	15,000	12,200	32,700
Income before extraordinary items . .	26,820	14,218	79,165	35,992	31,562	26,978	45,340
Extraordinary items:							
Recoveries of income taxes resulting from the carry for- ward of prior years' losses						7,500	32,700
Loss on sale of mortgage, net of \$4,000 tax recovery				13,648			
Net income for the period	\$ 26,820	\$ 14,218	\$ 79,165	\$ 22,344	\$ 31,562	\$ 34,478	\$ 78,040

Statement of Consolidated Deficit

For the Five Years Ended June 30, 1968 and the Three Months Ended September 30, 1968 and September 30, 1967

	Three months ended September 30		Years ended June 30				
	1968 (unaudited)	1967 (unaudited)	1968	1967	1966	1965	1964
Deficit, beginning of period	\$186,709	\$220,874	\$220,874	\$198,218	\$184,780	\$174,258	\$214,298
Deduct net income for the period . .	26,820	14,218	79,165	22,344	31,562	34,478	78,040
	159,889	206,656	141,709	175,874	153,218	139,780	136,258
Add dividends	11,250	11,250	45,000	45,000	45,000	45,000	38,000
Deficit, end of period	\$171,139	\$217,906	\$186,709	\$220,874	\$198,218	\$184,780	\$174,258

(See accompanying notes)

DOUGLAS LEASEHOLDS LIMITED

Notes to Consolidated Financial Statements

(Amounts as at September 30, 1968 and for the three months ended September 30, 1967 and 1968 are unaudited)

1. PRO FORMA BALANCE SHEET

The pro forma balance sheet as at September 30, 1968 gives effect to the following:

- (i) The issue of supplementary letters patent reclassifying the issued 2nd preference shares as common shares, subdividing the issued common shares (including the common shares resulting from the above reclassification) on a basis of 2,000 for 1, reclassifying the unissued preference shares (all classes) as common shares and increasing the common shares authorized to 1,500,000 shares.
- (ii) Increasing bank indebtedness by \$508,332 to:
 - (a) Purchase (net) an additional 21,038 shares of Auto Electric Service Company, Limited for \$147,332.
 - (b) Redeem 2,110 4th preference shares at par for \$211,000.
 - (c) Redeem 150,000 1st preference shares at par for \$150,000.
- (iii) The issue of 190,000 common shares for \$1,065,900 cash pursuant to an underwriting agreement dated January 30, 1969.
- (iv) The application of the proceeds to:
 - (a) Pay share issue expenses \$30,000 (charged to deficit).
 - (b) Retire loan payable \$35,459 (June 30, \$37,763—note 6).
 - (c) Retire bank indebtedness.
 - (d) Provide working capital.

2. BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of the company and its wholly-owned subsidiary, Douglas Leaseholds (Quebec) Limited.

3. INVESTMENT PROPERTIES

	June 30, 1968	September 30, 1968
Undeveloped land held for investment at appraised value.....	\$ 210,500	\$ 210,500
Developed properties:		
Land at appraised value.....	3,816,067	3,816,067
Buildings at cost.....	2,860,247	2,860,247
	6,676,314	6,676,314
Less accumulated depreciation.....	604,108	629,108
	6,072,206	6,047,206
	<u>\$6,282,706</u>	<u>\$6,257,706</u>

The value of developed and undeveloped land included above is based on an appraisal made as of June 30, 1968 by Canada Permanent Trust Company. The excess of such appraised value recorded in the accounts over cost amounted to \$1,687,859.

Depreciation of buildings has been calculated so as to amortize 75% of the cost of the buildings over the lease periods on a straight-line basis.

4. INVESTMENT IN SHARES OF AUTO ELECTRIC SERVICE COMPANY, LIMITED

As at June 30, and September 30, the company's investment consists of 61,962 shares; the quoted market value at June 30 was \$915,000 and at September 30 was \$1,115,000. 46,587 shares have been pledged as collateral for bank indebtedness and 15,075 shares are held as collateral for \$64,236 owing to a broker.

The pro forma balance sheet at September 30 gives effect to:

- (a) the purchase of 5 shares for \$101
- (b) the purchase of 31,833 shares at \$7 per share and the sale of 10,800 shares at \$7 per share under agreements entered into on January 18, 1967.

5. DEFERRED INCOME TAXES

In the three month period ended September 30, 1968, the company adopted the tax allocation basis of computing its income tax provision and reported income of prior fiscal periods has been restated to reflect this change in accounting practice. Using this method of accounting, tax reductions applicable to capital cost allowances claimed in excess of depreciation recorded in the accounts (less in the year ended June 30, 1968, a tax increase of \$13,000 applicable to deferred profit on a sale and leaseback transaction) are not reflected in income but are credited to "deferred income taxes" in the balance sheet. Such deferred income taxes will be brought into income in subsequent years when total allowances claimed for tax purposes are less than the depreciation provisions recorded in the accounts.

6. LONG-TERM DEBT

The details of the long-term debt are as follows:

	Total	Payable within one year	Payable after one year
First mortgage bonds:			
6¾% serial bonds due annually from January 1, 1969 to 1985.....	\$ 203,000	\$ 8,000	\$ 195,000
7½% serial bonds due annually from June 1, 1969 to 1985.....	190,000	6,000	184,000
6¾% serial bonds due annually from November 1, 1968 to 1985.....	416,000	15,000	401,000
6½% sinking fund bonds due January 15, 1982.....	1,605,000	74,000	1,531,000
6¼% sinking fund bonds due March 1, 1988.....	700,000	35,000	665,000
6¼% sinking fund bonds due November 1, 1988.....	411,000	15,000	396,000
	<u>3,525,000</u>	<u>153,000</u>	<u>3,372,000</u>
First mortgages payable:			
10.9% due August 2, 1970.....	50,000	—	50,000
5½% due April 1, 1971.....	25,714	2,000	23,714
7% due October 1, 1977.....	16,076	1,200	14,876
7% due November 30, 1977.....	22,098	1,600	20,498
7% due January 1, 1978.....	22,884	1,600	21,284
7% due November 1, 1978.....	29,434	1,800	27,634
7¼% due March 10, 1986.....	43,182	1,800	41,382
7¼% due February 20, 1986.....	414,443	11,000	403,443
7¼% due December 20, 1986.....	58,019	1,600	56,419
7½% due March 1, 1987.....	48,566	1,200	47,366
	<u>730,416</u>	<u>23,800</u>	<u>706,616</u>
8% second mortgages payable—due February 1, 1972.....	158,603	41,800	116,803
Loan payable (note 1 (iv) (c)).....	37,763	9,500	28,263
Leasing commissions payable \$625 monthly until paid.....	103,750	7,500	96,250
Total long-term debt June 30, 1968.....	<u>\$4,555,532</u>	<u>\$235,600</u>	<u>\$4,319,932</u>
Totals at September 30, 1968.....	<u>\$4,538,050</u>	<u>\$222,850</u>	<u>\$4,315,200</u>
Totals at September 30, 1968—pro forma.....	<u>\$4,502,591</u>	<u>\$214,450</u>	<u>\$4,288,141</u>

Principal repayments for the five years ending June 30, 1973 approximate \$225,000 annually on the First mortgage bonds and First and Second mortgages.

7. CAPITAL STOCK

The details of the company's authorized and issued share capital are as follows:

	Number of shares		Amount	
	June 30 and September 30, 1968	Pro forma September 30, 1968	June 30 and September 30, 1968	Pro forma September 30, 1968
Authorized:				
6% 1st preference shares, non-voting, non-cumulative, redeemable par value \$1 each.....	215,000	—		
3¢ 2nd preference shares, non-voting, non-cumulative, participating no par value.....	10,000	—		
10% 3rd preference shares, non-voting, cumulative, redeemable par value \$100 each.....	990	—		
3% 4th preference shares, non-voting, non-cumulative, redeemable, par value \$100 each.....	2,250	—		
Common shares, no par value.....	110,000	1,500,000		
Issued:				
1st preference shares.....	150,000	—	\$150,000	—
2nd preference shares.....	200	—	200	—
4th preference shares.....	2,110	—	211,000	—
Common shares.....	100	790,000	100	1,066,200
			<u>\$361,300</u>	<u>\$1,066,200</u>

8. COMMITMENTS

The company is committed as tenant under leases on thirty developed properties. For four leases, the lease period is twenty-five years; for the remainder the lease period is twenty years. Seven leases include renewal options at reduced rents. The aggregate rental obligation under such leases totalled \$1,569,000 at June 30, 1968. All the rented properties have been leased by the company, mainly to major oil companies, for periods that approximately coincide with the terms of the leases to the company. Seventeen properties yield revenue to the company in excess of the rentals paid and the balance have been leased with rental revenue equal to the rentals paid.

Options to purchase twenty-eight of the rented properties at the end of the lease periods are outstanding. With respect to twelve properties the aggregate cost of exercising the options is approximately \$460,000. The remaining sixteen properties are covered by a single option, which, if exercised, will require a cash payment in 1977 of \$512,000 plus a percentage based on the cost of living index using a 1957 base. If the option had been exercised at June 30, 1968, the option price would have been approximately \$650,000.

9. SUBSEQUENT EVENT

A director and officer has been granted an option to purchase 25,000 Common Shares of the Company at a price of \$6.00 per share exercisable in five annual instalments of 5,000 shares each commencing December 1, 1969.

AUDITORS' REPORTS

To the Directors of

DOUGLAS LEASEHOLDS LIMITED:

We have examined the consolidated balance sheet of Douglas Leaseholds Limited and its subsidiary as at June 30, 1968 and the statements of consolidated income and deficit for the five years ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at June 30, 1968 and the results of their operations for the five years ended on that date, in accordance with generally accepted accounting principles which, except for the change from a cost basis to an appraisal basis of carrying developed and undeveloped land held for investment (referred to in Note 3), have been applied on a consistent basis after giving effect to the retroactive change in accounting for income taxes (referred to in Note 5).

The family of Gerald C. Smith, a partner in Laventhol, Krekstein, Horwath & Horwath, owns 50% of the outstanding shares of Baywood Leaseholds Limited, which in turn owns all the outstanding first preference shares of the company. The first preference shares will be purchased for cancellation out of the issue of shares contemplated by this prospectus. Until November 5, 1968, Mr. Smith's family also owned 25% of the common shares of the company.

(Signed) LAVENTHOL KREKSTEIN HORWATH & HORWATH

Chartered Accountants

Toronto, Canada
January 30, 1969.

To the Directors of

DOUGLAS LEASEHOLDS LIMITED:

We have examined the consolidated balance sheet of Douglas Leaseholds Limited and its subsidiary as at June 30, 1968 and the statements of consolidated income and deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at June 30, 1968 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles which, except for the change from a cost basis to an appraisal basis of carrying developed and undeveloped land held for investment (referred to in Note 3), have been applied on a basis consistent with that of the preceding year after giving effect to the retroactive change in accounting for income taxes (referred to in Note 5).

(Signed) CLARKSON, GORDON & Co.

Chartered Accountants

Toronto, Canada
January 30, 1969.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), and Sections 63 and 64 of The Securities Act, 1967 (Alberta), provide, in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the aforesaid Acts for the complete text of the provisions under which the foregoing rights are conferred.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

CERTIFICATES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Section 13 of the Securities Act (New Brunswick), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder and by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder.

Dated: January 30, 1969.

(Signed) A. H. DOUGLAS
Chief Executive Officer

(Signed) GEO. F. LEAVER
Chief Financial Officer

On behalf of the Board of Directors

(Signed) J. J. WALSH
Director

(Signed) T. M. BRADFIELD
Director

Directors

(Signed) A. H. DOUGLAS
(Signed) GEO. F. LEAVER

(Signed) J. J. WALSH

(Signed) T. M. BRADFIELD
(Signed) J. B. McLELLAN

UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Section 13 of the Securities Act (New Brunswick), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, and by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

BURNS BROS. AND DENTON LIMITED
By: (Signed) A. M. JARVIS

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Burns Bros. and Denton Limited: C. F. W. Burns, L. C. Burns, E. S. Miles, P. B. M. Eby and D. E. Boxer.

(v) and subdivided the 100 issued common shares into 200,000 common shares without par value and increased the authorized capital of the Company by creating an additional 714,170 common shares without par value ranking on a parity with the existing 785,830 common shares.

4. OPINION OF COUNSEL

Messrs. Fraser & Beatty, 320 Bay Street, Toronto, Ontario, Counsel for the Company and the selling security holders are filing in support of this application an opinion stating, among other things, that (i) the Company was duly incorporated by letters patent under the laws of the Province of Ontario, has been duly organized and is a valid and subsisting corporation in good standing under the laws of the Province of Ontario; and (ii) the authorized capital of the Company consists of 1,500,000 common shares without par value of which 790,000 common shares are issued and outstanding as fully paid and non-assessable.

5. STATUS UNDER SECURITIES ACTS

The offering of 390,000 common shares without par value in the capital of the Company referred to in paragraph 2 hereof, and in the Prospectus was qualified for sale to the public in February 1969 by registered brokers in all Provinces of Canada except the Provinces of Quebec, Prince Edward Island and Newfoundland.

6. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other Stock Exchange.

7. DIVIDEND RECORD

The Company has paid the following dividends during the last ten completed financial years.

Year ended June 30	1st Preference per share	2nd Preference per share	4th Preference per share	Common per share
1958	6¢	Nil		Nil
1959	6¢	Nil		Nil
1960	6¢	Nil		Nil
1961	6¢	Nil		Nil
1962	6¢	2¢	50¢	2¢
1963	6¢	4¢	\$1.00	4¢
1964	6¢	4.83¢	\$1.00	4.83¢
1965	6¢	6¢	Nil	6¢
1966	6¢	6¢	Nil	6¢
1967	6¢	6¢	Nil	6¢
1968	6¢	6¢	Nil	6¢

The dividends paid on the common shares and on the second preference shares have been adjusted to give effect to a 2,000 for 1 subdivision of both classes of shares by supplementary letters patent on December 5, 1968.

The dividends on the 1st Preference shares were declared payable in January and August of each year but have been paid in equal monthly instalments on the first of each month.

The dividends on the 2nd Preference and the common shares have been paid in equal monthly instalments on the first of each month. No second preference shares are presently authorized or outstanding, all such shares having been reclassified as common shares by the said supplementary letters patent dated December 5, 1968. The third preference shares were issued on February 26, 1960 and were all purchased for cancellation on December 20, 1960.

The fourth Preference shares were created on June 26, 1961 and dividends were declared payable on July 2nd, 1962, January 2, 1963 and January 2, 1964.

No dividends have been paid on the fourth preference shares during the last four years, the holder of the outstanding fourth preference shares, A. H. Douglas Investments Corporation Limited, having waived its rights to such dividends.

In the current fiscal year the Company has paid dividends on its common shares and on its second preference shares in the amount (after adjusting for the 2,000 for 1 subdivision of such shares) of three and one-half cents per share and has paid dividends on its first preference shares in the amount of four cents per share. It is anticipated that the Company earnings will be reinvested by the Company and consequently dividends will not be paid on the common shares for some time in the future.

8. FISCAL YEAR

The fiscal year of the Company ends on June 30, in each year.

9. ANNUAL MEETINGS

The By-laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or at such other place in Ontario on such date in each year as the Board of Directors may determine from time to time. The last annual meeting of the Company was held on December 12, 1968.

10. HEAD AND OTHER OFFICES

The head office is located at 1000 Lawrence Avenue West, Toronto 19, Ontario, Canada. The Company has no other offices.

11. **TRANSFER AGENT AND REGISTRAR**

The Transfer Agent and Registrar of the Company is:
Canada Permanent Trust Company at its principal offices in the cities of Halifax, Toronto, Winnipeg, Calgary and Vancouver.

12. **TRANSFER FEE**

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

13. **AUDITORS**

The auditors of the Company are:
Laventhol, Krekstein, Horwath & Horwath, 160 Bloor Street East, Toronto, Ontario.

14. **DIRECTORS AND OFFICERS**

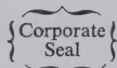
The directors and officers of the Company are:

Name	Home Address	Position and Office Held
Alexander Hargrave Douglas	54 Eden Brook Hill, Islington, Ontario	President and a director
Thomas Malcolm Bradfield	45 Charleston Road, Toronto, Ontario	Vice-President, General Manager and a director
George Francis Leaver	7 Kingsway Crescent, Toronto 18, Ontario	Vice-President, Treasurer and a director
John Bruce McLellan	9 Anewan Drive, Toronto, Ontario	Secretary and a director
James Joseph Patrick Walsh	19 Gemini Crescent, Toronto, Ontario	A director

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Douglas Leaseholds Limited hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange; and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

DOUGLAS LEASEHOLDS LIMITED



Per: "A. H. DOUGLAS",
President

Per: "J. B. McLELLAN",
Secretary

CERTIFICATE OF UNDERWRITER/OPTIONEE

To the best of my knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

BURNS BROS. AND DENTON LIMITED Per: "DAVID H. BROWN"

Dated at Toronto this 21st day of February, 1969

DISTRIBUTION OF COMMON STOCK AS OF MARCH 7, 1969

Number		Shares
5	Holders of 1 — 24 share lots	19
68	" " 25 — 99 " "	3,335
228	" " 100 — 199 " "	23,050
101	" " 200 — 299 " "	20,600
40	" " 300 — 399 " "	12,000
17	" " 400 — 499 " "	6,800
45	" " 500 — 999 " "	24,750
34	" " 1000 — up " "	699,446
<u>538</u>	Shareholders	<u>Total shares 790,000</u>